FSC-45-A		2/26/97
SUBJECT: Price Gap and Ceiling Strategies - March		
DISTRIBUTION:		
X AVP	X KAM	___ DM
X RSM	X AM	___ RM
X RBM	X AE	___ Sales Rep
X ROM		___ Retail Rep

As a result of competitive quarter end promotional discounting activity, you are authorized to execute the following Price Gap and Ceiling Strategies in March.

DORAL March Business Defense Program

We have been informed of Brown & Williamson's aggressive pricing program on GPC which appears to be more widespread in some markets versus others.

While overall our current Ceiling Strategy Guidelines remain intact, we will respond to GPC's program, where it is being implemented, with a "DORAL March Business Defense Program."

Listed below are the specifics to the program:

- Timing: 3/3/97 - 3/31/97
- Can only be implemented in accounts where GPC program is being implemented.

  "Match Tactic for Tactic on":

- Discount Amount - up to but not to exceed $3.50 carton/35¢ pack (RJR liability) in all outlets. If B&W is receiving a retailer match, we should receive the same benefit/amount.

  Example:

  If B&W is paying retailer $3.50 and the retailer is matching 50¢ for a total discount of $4.00, we should receive the same benefit/amount.

- Display Presence - must be parity to GPC or better.
- Quantity - same "days supply" as GPC, but not to exceed four weeks DORAL volume.
- Pricing Communication - must be parity to GPC or better.
- The DORAL March Business Defense Program does not affect your Military accounts. Continue your current strategy as outlined in FSC-11-A dated 1/14/97.
- MONARCH and BEST VALUE are not affected by this program. Continue to implement your current EDLP and Ceiling Strategy Guidelines.
- To support this program, the appropriate 35¢ and $3.50 DORAL price reduction, VPR and thermal-printed coupon codes will be available in Poqets/laptops on 3/3/97. The following preprinted VPRs and coupon will be available for order in SMS:

Item #	Description	SKU Packing
399357	Savings .35 On-Pack VPR (Non-Removable)	500
399456	Savings $3.50 On-Carton VPR (Non-Removable	500
511235	Savings $3.50 On-Carton Coupon	500
399467	Savings $4.00 On-Carton VPR (Non-Removable)	500

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Source: https://www.industrydocuments.ucsf.edu/docs/rxwn0000

In summary, we continue to believe our Ceiling Strategy Guidelines are on target to defend DORAL's volume base. However, from time to time it is necessary to respond to a competitor's program to ensure our volume base is not negated.

As a reminder, our DORAL March Business Defense Program is only authorized from 3/3/97 to 3/31/97, and only in markets/outlets where GPC is implementing their program.

Private Label Defense Program

- This GPC promotion could have a very negative impact on our Private Label volume. Therefore, in PL contracted accounts with this GPC promotion, you should make every attempt to implement a PL promotion for the month of March. The two sources for this promotion's funding are either through the accounts alliance accrual fund and/or the 2nd half 1996 Share of Category payments you are presently approving. Where funds permit, you should price PL at minimum parity with the bought down GPC and preferably 5¢ per pack/50¢ per carton lower. As with DORAL, if the retailer is matching on the GPC promotion, PL should receive the same benefit/amount.

Full Price ***Response B***

We have been informed that Philip Morris will begin executing their quarter end discounting program beginning March 3, 1997.

- As a response to Philip Morris's quarter end promotional discounting efforts on Marlboro and Basic, you should execute "Response B" Full Price Gap strategy during March.

- In accounts where you are responding to B&W's GPC program with our "DORAL March Business Defense Program", it will be necessary to adjust Full Price Gap discounting values to account for the larger spread between Full Price and competitive Branded Savings during the same time period.

Price communication is of critical importance to ensure proper execution of these promotional responses.

If you have any questions or need clarification on this special program, contact your Region Sales Manager.

Program Contacts: Kevin Richardson, extension #3440
Lori O'Connor, extension #3019

R. J. REYNOLDS TOBACCO COMPANY

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Source: https://www.industrydocuments.ucsf.edu/docs/rxwn0000

To: Noonan, R, Myers, Keith, Ridge, Robert, Burrows, Robert, Westenberger, R, Smith, Richard A., Jurgensen, Kurt T., Cote, Raymond A., Leonard, John M., Norris, Chuck H., Sheft, S N., Plourde, R N., Beard, R L., Steele, Robert R., Coslett, Job H., Page, Cynthia, Eckardt, Diane C., Salerno, Joseph S., Sheltra, Marlowe, Close, Scott P., Bain, Georgia A., Tisinger, Michael D., Haskin, Susan J., Huntoon, Lynne D., Howard, M S., Orlando, Joseph J., Laboda, R P., Neaf, D M., Morris, M E., Levenstein, Howard S., Davignon, Barry A., Thompson, Timothy J., Clary, Nancy A., Balmer, Robert W., Miller, D S., Whiting, James R., Patterson, David P., Davis, Robert J., CHICCARELLI, John J., Doak, Donna L., Smith, P E., Martin, Holly G., Pianowski, Robert J., Wallon, Laura J.
From: 1610 - Buffalo ROU (BRZEZIE)
Posted: 2/27/97 13:13
Opened: 2/27/97 13:24
Subject: FWRD: FSC-45-A Price Gap and Ceiling St

forwarding the following - a copy will be sent to all RR's in this week's mailing.

========== <Forwarded Letter> ==========
From: 1610 - Buffalo ROU (BRZEZIE)
To: NATALEF
Subject: FWRD: FSC-45-A Price Gap and Ceiling St
Posted: 02/26/97 16:57
Priority: Normal

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========== <Forwarded Letter> ==========
From: Davis, Carla C.
To: 1610
Subject: FSC-45-A Price Gap and Ceiling Strategi
Posted: 02/26/97 21:23
Priority: Normal

[[FSC45A.DOC : 4179 in FSC45A.DOC]]

CC: Macleod, Stephen

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